



KENYA
INVESTMENT
AUTHORITY



WHO WE ARE

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ESTABLISHMENT

Kenya Investment Authority (KenInvest) is a statutory body currently operating under The Investment Promotion Act No. 6 of 2004. KenInvest's mandate is to promote and facilitate private investment in Kenya for both domestic and foreign investors.



VISION

A global leader in investment attraction and retention.



MISSION

To promote and facilitate domestic and foreign investment in Kenya by advocating for a conducive investment climate, providing accurate information and offering quality services for a prosperous Nation.



FUNCTIONS OF KENINVEST

KenInvest is the one stop shop for investment issues in the country providing information on opportunities and assisting investors to settle down and thrive. The specific functions are:



Investment Promotion

- Profiling investor ready projects and providing information on investment opportunities; and
- Promoting the opportunities for investment available in Kenya by organizing forums, workshops and other marketing initiatives.



Investment Facilitation

- Issuing Investment Certificates;
- Assisting in obtaining necessary licenses and permits;
- Assisting in obtaining incentives or exemptions under various Acts of Law and other regulations;
- Investor Tracking and providing Aftercare Services; and
- Providing other forms of support that an investor requires.



Policy Advocacy

- Reviewing the investment environment and making recommendations to Government and other stakeholders, on changes that would promote and facilitate investment.



ONE STOP CENTRE (OSC) FOR INVESTORS

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CENTRE (OSC)
FOR INVESTORS

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The objective of the One Stop Centre is to ensure efficient and effective facilitation of the implementation of new investment proposals and cost effective operations of existing investments and businesses. The government departments include:

- **Business Registration Service** - Offers advice and facilitates investors to register their companies;
- **Department of Immigration** – Offers advice and facilitates investors to obtain necessary permits and passes;
- **Kenya Revenue Authority** – Advices investors on matters relating to taxation in Kenya and assists them to register for PIN/VAT;
- **National Environmental Management Authority** – Offers advice and licences on environmental impact assessment and management issues;
- **Kenya Power** – Assists investors in power connections;
- **County Government of Nairobi** – advices and issues business permit licenses and any other approvals required by the county government; and
- **Export Processing Zones Authority** – advices investors on the export processing zones scheme, and licenses and facilitates investors within the zones.

Other public agencies will be accommodated in the OSC on need basis.



WHY INVEST IN KENYA

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Kenya is the largest and most advanced economy in East and Central Africa, contributing more than 50% of the region's GDP. The country presents a favorable investment environment;

- Access to a skilled labour pool that ensures a competitive productivity level.
- Well established & vibrant private sector.
- Political stability and favourable investment policies
- Fully liberalized economy. (No exchange controls).
- A wide range of suitable Tax, Trade, and Investment Agreements that facilitate expanding market access.
- A member of the Multilateral Investment Guarantee Agency (MIGA), International Centre for the Settlement of Investment Disputes (ICSID) and Africa Trade Insurance Agency (ATIA) to provide extra protection to investors.
- Well established infrastructure.
- Strategic geographic location that makes It a transport & logistics hub in the region.
- Clear policy direction provided by the Kenya Vision 2030.
- Availability of numerous investment opportunities and incentives especially in industrial parks and zones.



INVESTMENT INCENTIVES

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1. Export Processing Zones Programme
 - Duty and VAT exemption on machinery & raw materials.
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 - Operation under a Single license.
 - Exemption from stamp duty.
 - 10-year withholding tax holiday
 - 25% corporate tax for 10 years after the first 10 years' tax holiday expires.
 - 100% investment deduction allowance over 20 years.
2. VAT Remission on packaging material for floriculture exports.
3. Exemption on VAT on raw materials utilized in production.
4. Liberal Depreciation Rates based on book value.
5. Capital goods and raw materials are zero-rated.
6. 25% corporate tax for companies issuing initial public offers in the Nairobi Securities Exchange (NSE).
7. Computers are duty free.
8. **SPECIAL ECONOMIC ZONES (SEZ)**
 - 10-year Tax Holiday
 - 15% Corporate Tax for another 10 years
 - Duty & VAT Exemption
 - Single License
 - Exemption from Stamp Duty
 - Exemption from Withholding Tax
9. **TOURISM SECTOR**
 - Investments in tourist hotels can apply for waiver of VAT
 - Investment allowance for new investments in manufacturing and tourist hotels.
 - 4-wheel drive vehicles for tour operators are Duty exempt.

10. ENERGY SECTOR

i. Biomass

Fixed tariff not exceeding US Cents 8.0 per Kilowatt-hour of electrical energy supplied in bulk to the grid operator at the interconnection point.

ii. Wind

Fixed tariff not exceeding US Cents 12.0 per Kilowatt-hour of electrical energy supplied in bulk to the grid operator at the interconnection point.

iii. Geothermal

A fixed tariff not exceeding US Cents 8.5 per Kilowatt-hour of electrical energy supplied in bulk to the grid operator at the interconnection point.

iv. Biogas

A fixed tariff not exceeding US Cents 8 per Kilowatt-hour of electrical energy supplied in bulk to the grid operator at the interconnection point.

v. Solar

A fixed tariff not exceeding US Cents 20.0 per Kilowatt-hour of electrical energy supplied in bulk to the grid operator at the connection point.



TAX INCENTIVES

- i. Investment Allowance – Expenses are deductible. Duty on power generation equipment waived.
- ii. Determined Power Purchase Agreement (PPA) / Feed-in-Tariff Policy provides assurance of purchase at a specified, reasonable amount enabling accurate investment forecasting
- iii. Possibility of Public Private Partnership (PPP) Arrangements - Reduces initial costs and risks to investor.
- iv. Manufacturing Incentives- manufacture of energy equipment (Transformers, switchgears, insulators, electricity energy meters etc.) Allowances within the Manufacturing Sector apply.
- v. 10- year Tax Holiday for investment in the renewable Energy.

**We are currently in transition from Feed-in Tariffs to Energy Auction (Source: Energy Bill, 2015).*



11. HOUSING SECTOR

Incentives Under Income Tax:

- i. Tax deductibility for Housing- The interest paid by a person on money borrowed to purchase or improve premises (house occupied by him) is a tax-deductible expenditure against his taxable income up to a maximum of KShs. 150,000 p.a.
- ii. Corporate tax- 15 % corporate rate for developers who construct at least 400,000 units per.
- iii. Contribution to Home Ownership- A depositor who operates a registered home ownership savings plan is entitled to deduct from his taxable income an equivalent of KShs. 4,000 per month for a maximum period of 10 years i.e. no tax (PAYE) on amounts saved to a maximum of KShs 4,000 per month.
- iv. Lower taxation on Housing Bonds- The HDB is an account for individuals that allow a fixed amount of money to be saved for a period of time.
- v. Prescribed dwelling house- A dwelling house is defined as one that has been constructed for and occupied by employees.
- vi. Tax deductible for expenditures for social infrastructure- Expenditure of a capital nature incurred by a person on the construction of public schools or hospital or any similar social infrastructure and is given prior approval.
- vii. Tax deductibility of interest from infrastructure and social service bonds- Interest income accruing from all listed bonds used to raise funds for infrastructure and social services is exempt from tax provided that the bonds shall have a maturity of at least 3 years.
- viii. Industrial Building- Industrial Building Allowance (IBA) on qualifying commercial building- 25%, IBA Residential building built for rental purposes to low income earners in a planned development area- 5%.
- ix. Assignment of Retirement Benefits- Guarantees shall be given for loans for four specific purposes: to acquire property, construct a home, carry out repairs and secure financing.

Incentives Under Vat & Customs Act:

- x. Incentives under the VAT Act- Construction of not less than twenty housing units for low income earners on recommendation by minister in line with the regulations
- xi. Incentives under Import Duty- The following are zero rates as per the EAC Gazette of 29 June, 2010: Petroleum coke which is a raw material used in the production of cement and pigments dispersed in a non-aqueous media, in liquid or paste form, of a kind used in the manufacture of paints.

- xii. Incentives under Stamp Duty:
 - Reduced penalty rate from 25% to 5%.
 - Proposal to reduce stamp duty on land transactions for low cost housing from 4% to 2%.
 - Real Estate Investment Trust (RITS) and asset backed securities (ABS) exempted from VAT.
- xiii. Increase in the Mortgage finance proportion- Reduced stamped duty fees on mortgages from 0.2% to 0.1%.

12. MANUFACTURING SECTOR

- i. Wear and tear deduction for telecommunication equipment - 25%
- ii. Capital expenditure on Filming equipment by a licensed local film producer - 100%

13. HEALTHCARE SECTOR

- i. Duty exemption on health equipment
- ii. Duty exemption on raw materials for pharmaceutical manufacturing.

For the most updated information on incentives, please visit KenInvest's website <http://www.invest.go.ke>

MARKET ACCESS

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Kenya provides sizeable local market of a population of approximately **50 MILLION PEOPLE** growing at about **2.6%** annually.

East African Community (EAC) with an estimated population of **145.5 MILLION** comprising of five states (Kenya, Uganda, Tanzania, Rwanda and Burundi and the Republic of South Sudan) backed by a Customs Union Protocol.

Common Market for Eastern and Southern Africa (COMESA) comprises 20 member states with a population of over **492 MILLION**.

African Growth and Opportunity Act (AGOA) allows duty and quota-free access to the US market for about **6,000 PRODUCTS**.

Generalized System of Preferences (GSP) Access to various markets in the developed world for a wide range of products.

Africa Caribbean and Pacific-European Union (ACP-EU) Economic Partnership Agreement (EPA gives duty free access to the EU.



INVESTMENT OPPORTUNITIES IN LINE WITH BIG 4 AGENDA

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The Government has recently launched the "Big 4" National Economic Transformation Agenda which seeks to achieve a better quality of life for all Kenyans by the year 2022. Sectors identified include:

1. Value addition thus raising the manufacturing sector's share of GDP to 15% by 2022.

Investment opportunities identified include:

- Textile/Apparel/cotton
- Agro processing
- Iron and ore
- Fish processing
- ICT

2. Focusing on initiatives that guarantee food security and nutrition to all Kenyans by 2022.

Investment opportunities identified include:

- Fisheries- establishing a fishing port and developing a fish processing industry
- Sugar sector- Production of industrial sugar, Generation of electricity production from Bagasse, Establishment of new sugar processing factory and Production and processing of stevia.
- Tea and coffee- Value Addition, production of flavored tea, converting coffee husks to charcoal, making furniture from coffee husks, Coffee Roasting, Coffee blending and Processing and packaging of instant coffee
- Vegetable and fruit processing- Production of fruit concentrates, Processing of frozen vegetable products like French beans and Cold storage facilities
- Meat and Dairy farming- Setting up of a large-scale production and processing facility to supply chicken, Beef processing for large scale canning factory, Setting up of slaughterhouses and cold storage facilities for meats and Fish products processing.
- Commercial dairy farming- Value addition on milk to produce yogurt and curd, Milk processing to produce cheese, butter, ghee, milk powder, baby formula, Cold storage facilities for milk and milk products.
- Development of quality seeds that are disease and drought resistance through research
- Fertilizer production

- Growing of bamboo for edible sprouts and furniture
- World class packaging
- Warehouse facilities (dryers, cold chains)
- Avocado oil production

3. Providing Universal Health Coverage to guarantee quality and affordable Healthcare to all Kenyans.

Investment opportunities identified include:

- Community based health insurance
- Digitizing health- telemedicine
- Financing
- Private Health Insurance Coverage
- Health- Care Systems

4. Providing at least 500,000 affordable and decent housing.

Investment opportunities identified include:

- Development of residential houses
- Development of commercial buildings
- Manufacture of building materials
- Urban Planning
- Project financing
- Joint venture development e.g. through land swap
- Provision of mortgage facilities

For more information on thr investment opportunities, please visit KenInvest's website <http://www.invest.go.ke> and the e-opportunities platform <http://eopportunities.org>

**INVESTMENT
OPPORTUNITIES
UNDER THE VISION
2030**

INVESTMENT OPPORTUNITIES UNDER THE VISION 2030

The Kenya Vision 2030 is the country's economic development blueprint that aims to transform Kenya into a newly industrializing, "high middle-income country providing high-quality life to all its citizens by the year 2030. Sectors identified include:



Tourism



Agriculture



Wholesale and Retail Trade



Manufacturing



Information, Communication and Technology (ICT) / Business Process Outsourcing (BPO)



Financial Services



Transport and Infrastructure Development



Logistics

INVESTMENT OPPORTUNITIES UNDER THE VISION 2030



FREQUENTLY ASKED QUESTIONS

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1. What services does Kenya Investment Authority (KenInvest) provide?

Kenya Investment Authority provides support to foreign and domestic companies with interest to set up or expand in Kenya. We do this by providing a fully integrated advisory and facilitation service, assistance in acquiring licenses, and requisite approvals and permits including work permits in addition to after-care support.

Specific services include:

- Key regulatory and procedural information;
- Issuance of the Investment Certificate that facilitates immediate start of business, expansion and diversification;
- Key information on location factors and business opportunities for more details on investment opportunities, visit <https://eopportunities.org/>;
- Sector information and introduction to key sector networks;
- Support to build collaborative partnerships with Kenyan businesses; and
- Continued support to companies once they have established.

For more information about our services please visit our website <http://www.invest.go.ke>

2. How do I register and establish my company?

To register a company, certain mandatory documents such as the 'Memorandum of and 'Articles of Association' must be filed with the Registrar of Companies within the Kenya State Law Office. The procedures, cost of registering a company and the duration taken for registration can be found (<http://www.attorneygeneral.go.ke/>) or <https://eregulations.invest.go.ke/> The One Stop Center at KenInvest has an officer seconded from the Business Registration Services (BRS) to provide guidance on the same.

3. What type of company should I set up?

- There are four different types of Kenyan registered companies:
 - Private company limited by shares (Ltd). The members' liability is limited to the amount unpaid on shares they hold. This can either be a local or a branch of Foreign Company.

FREQUENTLY ASKED QUESTIONS

- Private company limited by guarantee. The members' liability is limited to the amount they have agreed to contribute to the company's assets if it is wound up.
- Private unlimited company. There is no limit to the members' liability.
- Public company limited by shares (Plc). The company's shares are offered for sale to the general public through a stock exchange and the members' liability is limited to the amount unpaid on shares held by them.

For more details, visit <https://eregulations.invest.go.ke/>

- *Other business entities include:*
 - Partnerships – overseas investors can establish a partnership in Kenya. The partners have 'joint and several' liability for all debts.
 - Limited Partnerships – consists of one or more persons called 'general partners' who are liable for all debts and one or more persons called 'limited partners' who contribute a sum or sums of money as capital, or property valued at a stated amount.
 - Limited Partners are not liable for debts/obligations beyond the amount contributed.
 - Limited Liability Partnership – this structure provides the benefit of limited liability but allows its members the flexibility of organizing its internal structure and tax arrangements as a traditional partnership.

Investors are strongly advised to seek legal advice before deciding on the best entity that suits their kind of business.

4. What is Kenya's government policy on overseas companies doing business in Kenya?

Kenya has long recognized the benefits of inward investments and has welcomed overseas-owned companies looking to do business in and with Kenya. Kenya Investment Authority is funded by the Kenya government and demonstrates Kenya's commitment to attracting inward investments by providing free, confidential services to prospective investors. The overseas investments are protected through various international and multilateral instruments, and there are attractive incentives available.

FREQUENTLY ASKED QUESTIONS

5. Are there any fees or charges required to obtain the Investment Certificate?

The application for and issuance of the Investment Certificate is free of charge.

6. How long does it take to evaluate and approve the Investment Certificate?

Depending on the speed with which a prospective investor presents the requisite documents on application for the certificate, it takes about 1-5 working days.

7. Can I get government protection if I was to relocate my business to Kenya?

The Constitution of Kenya guarantees protection of the investment. Additionally, if the investment is from a country that has signed an Investment Promotion and Protection Agreement with Kenya, then there will be additional protection guarantees in the Agreement.

Furthermore:

- The Foreign Investment Protection Act guarantees against expropriation of private property by government.
- Kenya is a signatory to and Member of the Multilateral Investment Guarantee Agency (MIGA) an affiliate of the World Bank which guarantees investors against non-commercial risks.
- Kenya is also a signatory to International Centre for Settlement of Investment Disputes (ICSID) which arbitrates disputes between foreign investors and host governments.
- Africa Trade Insurance Agency (ATIA), that provides insurance against commercial and non-commercial risks as headquartered in Nairobi.

8. Do I need a local partner to operate any business in Kenya?

An investor is free to choose to operate their business with either 100% ownership or in partnership with local investors except in the Insurance, ICT, Air services and investments in the stock market.

9. Are there any government projects/companies available that an investor can buy or invest in?

These will mainly be infrastructure projects that are promoted by the government on the basis of Private Public Partnership (PPP). Information on specific projects can be provided by KenInvest and is also available on the digital platform <https://eopportunities.org/>

10. What type of land is available in Kenya?

Land in Kenya is classified as Public, Community or Private. The land is available for lease of up to 99 years renewable for foreign investors. For more on this visit <https://eregulations.invest.go.ke/>

11. Does the Kenya Investment Authority have an 'Investment Fund' from which approved investments can benefit?

Kenya Investment Authority does not provide funding to investors, but can advise on sources of financing.

12. Is it easy to transfer money out of Kenya by companies set up by foreign investors who need to make overseas payments?

Foreign companies may freely transfer profits after complying with tax obligations. The country has sufficient foreign exchange.

13. What are the general living conditions in Kenya?

Kenya has a modern and vibrant social and economic fabric, with a good range of schools, both public and private; affordable housing; world class entertainment and hospitality facilities; excellent communication links; as well as adequate healthcare and vibrant education sector. We have a warm and welcoming people, and English is widely spoken both in formal and informal set ups. The weather in most parts of the country is excellent. The country is a leading tourist destination and Nairobi is headquarter to two UN agencies, and thus hosts a sizeable international community.

14. What are the immigration and visa requirements?

Information on immigration, visa and permits requirements can be accessed at <http://www.immigration.go.ke> and an officer from the Department of Immigration is stationed at the One Stop Centre for investors located in KenInvest offices.

FREQUENTLY ASKED QUESTIONS

15. Does the Government grant incentives to investors?

There are a number of tax based incentives available in Kenya, mainly covering exemptions from duty and VAT on capital equipment and machinery to be used in the investment project. Other incentives include capital deductions and investment allowances, details of which may be accessed at <http://www.kra.go.ke> or <https://eregulations.invest.go.ke/> and our website www.invest.go.ke

The incentives are granted on a case by case basis and are approved by the Ministry of Finance. KenInvest will assist in applying for the incentives upon request from the investor.

16. What taxes are levied by the government?

Taxes levied in Kenya are administered by the Kenya Revenue Authority (KRA), and information on these may be accessed at <http://www.kra.go.ke> or from the KRA officers stationed at the One Stop Center.

17. Do Kenyan produced products have access to other markets?

- Kenya has unrestricted entry into the United States of America market under African Growth and Opportunity Act (AGOA) for up to 6000 products.
- Market access to the Common Market for East and Southern Africa (COMESA) market of 492 million people.
- Market access to the East African Community (EAC) of about 150 million people.
- Market access to the European Union under the (EAP) arrangement.
- Many Kenyan products have access to other markets in Europe, USA and Japan.
- Kenya negotiates and signs bilateral special status agreements with various countries.

18. Are there Avoidance of Double Taxations Agreements (DTA) and Investment Promotion and Protection Agreements (IPPA) between Kenya and other countries?

- Kenya has concluded Avoidance of Double Taxation Agreements with United Arab Emirates, United Kingdom, Germany, India, Canada,

FREQUENTLY ASKED QUESTIONS

Norway, Sweden, Denmark, Zambia, France, South Africa and Singapore and is currently negotiating a number of others with various countries.

- Kenya has concluded Investment Promotion and Protection Agreements with France, Finland, Germany, Italy, Netherlands, Switzerland, China, Libya, The Islamic Republic of Iran, Burundi and the United Kingdom, and is currently negotiating a number of others.

19. What customs procedures are applied when goods are being imported?

Information on customs procedures may be found at <http://www.kra.go.ke/index.php>

20. Do you have labour laws in Kenya? What are the important provisions of these laws?

Kenya has considerable labor flexibility and ranks highly at the global level on this. Information on labour laws in Kenya may be accessed at <http://www.labour.go.ke/> or <https://eregulations.invest.go.ke/>

21. Do you have regional offices?

KenInvest's headquarter is in Nairobi. We also regional offices in Eldoret, Mombasa and Kisumu.

22. How does KenInvest work with County or (Devolved level) Governments?

KenInvest works closely with county Governments to ensure seamless investment promotion and facilitation. This is done through close linkages with County investment units (CIUs).

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